

Budget Committee Meeting Summary
Wednesday, March 28, 2007
4:08 p.m.
Third Floor, City Hall

Present: **Chair: CW Flood**

Members: **CM Heiner, CM Benson, CW Shanklin, CM King, CM Downard, CM Kramer**
 CM Fleming, CW Woolridge & CM Johnson

Absent: **CM Unsel (excused absence)**

Chairman Flood began the meeting by announcing the members of the committee that were present. Quorum was established.

AGENDA

[O-61-03-07 AN ORDINANCE APPROPRIATING \\$1,625,000 FROM THE GENERAL FUND THROUGH THE CAPITAL CUMULATIVE RESERVE FUND AND \\$1,000,000 FROM THE GENERAL FUND TO THE CITY EQUIPMENT REPLACEMENT FUND AND \\$500,000 IN AGENCY RECEIPTS FOR MID-YEAR CAPITAL NEEDS BY AMENDING ORDINANCE NO. 112, SERIES 2006, RELATING TO THE 2006-2007 CAPITAL BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT.](#)

CM Heiner made a motion to approve the item and CM Benson seconded the motion.

Discussion: Jane Driskell and Daniel Frockt, Department of Finance and Budget, were present to comment legislation in relation to Mid-Year Proposed Adjustments to the Operating and Capital Budget.

General points addressed were as follows:

- Revised Revenue Estimate to allow Metro to address the Operating Issues of today
 - Majority of revenue from a net profit source
 - Historically volatile and portion of growth is associated with a one-time, non recurring Capital Gain of significant amount
 - Recognize the trend and how it may affect the future estimates, with caution that if the source weakens, the impact will be more profound it comprises a larger portion of the Revised Revenue Estimate
- Forecasted Net-Profits account for \$11.6 million in growth over last years actual collections
 - Continuing to see a positive growth in Revenues, even since the December Forecast
- In depth planning for New Fiscal Year, facing a critical situation Metro's Retirement System, for example
 - Estimated \$11 million of additional Retirement contributions
- The original Budget estimate anticipated Metro's General Fund Revenues to grow by \$14.4 million, or 3.1% over the prior year
- Mid-year projection for the General Fund Revenue to grow an additional \$9.8 million to total \$24.2 million
 - While the growth is good, Metro must be careful not to overstate it
 - Fully half of the increase, \$4.8 million, is non-recurring revenue from the one-time net profits windfall
 - \$3.3 million, of which \$1.65 million was added at Mid-Year is from the Sheriff and County Clerk term settlement, which occurs once every 4 years
 - Normalizing the numbers, so as to provide an accurate picture as Metro plans for Fiscal Year 2008, the revenue growth this year is anticipated to be 3.9%, rather than the 3.1% estimated
 - In addition, Metro will face other Personnel costs for New Fiscal Year
 - Health Insurance Increases
 - Worker Compensation Increases
 - Other factors for consideration
 - Increase in the Corrections Medical Service Provider
 - Funding for the Sheriffs SRO program
 - Anticipated Collective Bargaining impact

- Normal inflationary growth in Metro's expenditure base
 - As mentioned, some non-recurring revenue replacement needs
- Mayor's continues to challenge Metro Government to look forward
 - Need to make progress towards addressing the New Fiscal Year needs now, and aggressively manage Metro's Operations, Metro will be faced with a Budget that will truly require reductions
 - Recommended changes
 - Additions to the Vehicle Replacement Fund
 - Focus on age and mileage of the Fleet in relation to the retirement of vehicles is to simplistic
 - Creating a system that concentrates on weighing operational impact of vehicles out of service
 - Maintenance schedules costs
 - Potential lease of vehicles vs. owning the rolling stock
 - Perceived operations higher than last Fiscal Year
 - Departments of focus
 - Fire
 - EMS
 - EMA
 - Corrections
 - Metro estimated a growth percent in the current budget at 5.7%
 - Asking for, the percent growth is 7.19%
- Operational changes within the Administration, making adjustments to certain Agencies

MS. Driskell then addressed the specifics of the Capital Ordinance:

- Section One
 - Appropriation to add Metro Vehicles Replacement Fund
 - Backlog of vehicles in need of replacement due to age and maintenance
 - Some statistics were provided with regards to the Vehicle Replacement Fund ([attached](#))
- Section Two
 - Appropriation of \$125,000 to Louisville Metro Police Department to fund renovations at their Training Center on Taylor Blvd.
 - The facility would allow the Police to conduct Resistance Control Training
- Section Three
 - Appropriation of \$500,000 in General Fund to provide for Metro's commitment in the System Development Charge
- Section Four
 - Appropriation of \$1million to provide seed-funding to a newly established Affordable Housing Trust Fund

There were representatives in attendance from the affected Agencies in order to address any programmatic questions.

The following concerns/items were raised/addressed:

- Equipment Replacement Fund – spending trend leading to depleted funds
 - Few grant vehicles added to the Fleet for specialized programs
 - Reducing the Fleet over time
 - Lease vs. owning
 - Balance in Funds
 - \$1,948,000 in Police
 - \$729,660 In Fire Equipment/Apparatus
 - \$3,826,732 all other vehicles
 - Better detail for vehicle needs in the Fleet
- Training Facility being the same as Force Continuum
- Support of the Affordable Housing
- Surplus properties

CM Johnson made a motion to amend to include \$60,000 worth of funds for Beechmont Ball Park; CM King seconded the motion. Chairman ruled the NO vote majority and the amendment failed. Roll Call was requested, although discussion was requested to continue with the Administration and encouragement of CM Johnson to withdraw his motion until such a

time is met for possible amendments to the ordinance. CM Johnson withdrew his motion to amend and CM King withdrew his second. Discussion continued in regards to receiving a better detailed list of vehicle replacement.

CM Johnson made a motion to table and CM Heiner seconded the motion. By unanimous vote, the item was **TABLED**.

[O-31-02-07 \(S\) AN ORDINANCE RE-ENACTING CHAPTER 38.01, 38.02, 38.09, AND 38.98 OF THE LOUISVILLE METRO CODE OF ORDINANCES. \(AS AMENDED\)](#)

CW Flood mentioned this item was Returned to the Committee from the Metro Council.

CM King made a motion to approve the item and CM Johnson seconded the motion.

Discussion: Tony Lindauer, Property Valuation Administrator, and John Schardein, County Attorney's Office, stated they've created a problem with unintended consequences by trying to apply the Abandoned Urban Property Tax County-wide. As it exists now it applies only to the Urban Services District, which is a separately created taxing district. It was explained if it was applied County-wide, 23 new taxing districts would have to be created. This would cause severe issues. There were talks of a possibility to remove the PVA and Sheriff's Office out of the item as a factor, but there is much still to be looked at in order to create a proposal for moving the Abandoned Property Activity in total. There was not an amendment proposed from the PVA's standpoint; CW Flood suggested coming back to this item at a later time to address it.

CM Downard made a motion to table the item and CM Benson seconded the motion. By unanimous vote, the item was **TABLED**.

[O-72-03-07 \(S\) AN ORDINANCE REPEALING SECTIONS 40.01, 40.02, AND 40.03, AND REENACTING SECTION 40.98 OF THE LOUISVILLE/JEFFERSON COUNTY METRO CODE OF ORDINANCES \[LMCO\] RELATING TO THE AIR QUALITY TRUST FUND.](#)

CW Woolridge made a motion to approve the item and CM King seconded the motion.

Discussion: William Warner, Jefferson County Attorney's Office, stated he had handouts for the members of the committee in regards to the item. [\(attached\)](#)

He stated the item was a Sunset Provision which repeals three sections that establish an Air Quality Trust Fund. In 2002, the general assembly adopted a statute, which covered it explicitly. Therefore, it takes precedence over the local ordinance in connection with Merger. The remainder of that ordinance deals with two other funds, which have been re-enacted. It is not necessary for Metro to do so. In Section Two of the proposed legislation, idealizing with the Severability Clause does need to be re-enacted.

By unanimous vote, the item was approved and sent to **CONSENT CALENDAR**.

[O-62-03-07 AN ORDINANCE APPROPRIATING \\$7,139,700 FROM THE GENERAL FUND FOR MID-YEAR OPERATING NEEDS BY AMENDING ORDINANCE NO. 111, SERIES 2006, RELATING TO THE 2006-2007 OPERATING BUDGET FOR THE LOUISVILLE/JEFFERSON COUNTY METRO GOVERNMENT.](#)

CM Johnson made a motion to approve the item and CW Woolridge seconded the motion.

Discussion: Jane Driskell highlighted the sections within the ordinance.

- Section One
 - \$298,700 to the Louisville Metro Police Department
 - Specifically to fund some costs associated with leased space that the Police occupied at the Housing Authority of Louisville on Barrett Avenue. Lease negotiation conclusions stated these costs were owed to the Housing Authority as \$106,400

- Repayment to the Department of Justice for expenses associated with a historical COPS grant program. Grant language was unclear and caused on-going negotiations. Negotiations resulted in \$192,600 being owed.
 - Section Two
 - Provides for an appropriation of \$748,000 for the Fire Department
 - Relates to increased levels of non-scheduled overtime associated with vacant positions – a little under \$1.4 million compared to \$800,000 for the same period
 - Recruitment has begun on the new Fire Class – anticipating filling recruit class at the end of the year
 - Provides an appropriation of \$2,863,000 for EMS operations
 - Continues to improve coverage with the goal of delivering the highest level of Emergency Medical Care to 90% sickest patients within 8 minutes or less
 - Also resumed responsibility for Code I runs; these are runs of a non-life threatening nature. This has increased revenue for Metro received from EMS related charges to those runs; these costs are associated with working approximately 13% more hours over the previous year
 - Includes an appropriation of \$1,223,000 for the Emergency Management Agency/MetroSAFE
 - The agency is still relatively young compared to other Metro agencies and in the process of enhancing our communication system, determining appropriate staffing levels & subsequent base budget for it's operation
 - Adapted to a new CAD system and new EMS answering protocols, working to establish base budget to manage that increase in overtime, as well as training issues and not doing training in overtime hours, sick and vacation leave also factors into the increased overtime costs
 - Lastly, addresses the appropriation of \$1,699,000 for the Corrections Department
 - Required a FY06 year-end transfer of approximately \$1.6 million, currently forecasted to have that similar need for the year-end FY07.
 - Higher than anticipated average daily population of inmates 2,015 in the current year, compared to 1,932 in FY06
 - Corrections has reduced it's use of non-scheduled overtime
 - Graduating cadet classes to reduce it's sworn officer vacancy level
 - Corrections is currently re-negotiating it's medical care contract for inmates which is approximately \$3.6 million; Metro is anticipating an increase of costs
 - Section Three
 - An appropriation \$77,600 to the Family Health Center
 - To provide for increased expenses associated with Occupational Testing services, which they provide to Metro Government Employees
 - Services range in physicals, vaccinations, flu shots, etc... The Department may provide other exams such as, vision, chest x-rays, EKG's, etc.
 - These increase costs of services requested by Metro of Family Health Center
 - Section Four
 - Addresses an appropriation \$230,400 to Human Services which is part of the Family Services Department to fund a commitment to pay debt service with Jefferson County Public Schools on a bond that funded the Neighborhood Place at Hazelwood Elementary School
 - This commitment was made pre-Merger and this is to make up the payments Metro has owed to JCPS between then and now

Committee discussion occurred on the following:

- MetroSAFE and EMS – operational budget
- Corrections – expecting an additional reimbursement from the State on the increased inmate population
 - This was revised at Mid-Year to \$4.7 million - \$500,000 increase for the State inmates
- In depth analysis would hope to reduce the questions in June during New Budget Review
- Monthly reviews of Metro Agencies Budget – recognizing the issues
- Personnel off on Military Leave
- Fire Contract Negotiations
- Oversight functioning - better information to Metro Council for Budget Review time
- More information is expected at the Budget Review time

CM Johnson made a motion to table and CM Kramer seconded the motion. By unanimous vote, the item was **TABLED**.

[O-33-02-07 AN ORDINANCE TO CREATE NEW SECTIONS OF CHAPTER 37 OF THE LOUISVILLE/JEFFERSON COUNTY METRO CODE OF ORDINANCES \("LMCO"\) TO DEVELOP A REPORT THAT IDENTIFIES METRO GOVERNMENT'S FUNCTIONS, SERVICES OR ACTIVITIES AND THEIR ASSOCIATED COSTS.](#)

This item was not discussed and **HELD IN COMMITTEE**

Vice Chairman Heiner mentioned the meeting would adjourn and hear from a guest in regards to Humane Society.

CW Woolridge made a motion to adjourn the meeting and CM Johnson seconded the motion. Without objection, the meeting adjourned at 5:40PM

***NOTE: Items sent to the Consent Calendar or Old Business will be heard before the full Council at the April 5, 2007 Metro Council Meeting.**

KLP